

**REMARKS**

In the Office Action<sup>1</sup>, the Examiner objected to the specification; rejected claim 26 under 35 U.S.C. § 101; rejected claims 1-4, 6, 9-12, 14, 17-10, 22 and 26 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent Application Publication No. 2003/0078986 to Ayres; and rejected claims 5, 7, 8, 13, 15, 16, 20, 21, and 23-25 under 35 U.S.C. § 103(a) as being unpatentable over Ayres in view of U.S. Patent Application Publication No. 2002/0073070 to Morita.

Applicants amend claims 1-26. Claims 1-26 remain pending.

Applicants respectfully traverse the objections to specification. In the Office Action, the specification is objected to because the term "provision" in claim 4 is not found in the specification. The Office Action is objecting to claim 4 as it was originally filed. As the original claims are part of the initial disclosure, the recitation of term "provision" in claim 4 supports itself. Applicants request that this objection be withdrawn.

Applicants respectfully traverse the rejection of claim 26 under 35 U.S.C § 101 as being directed to non-statutory subject matter.

To expedite prosecution, Applicants have amended independent claim 26 to recite "A computer-readable medium storing a program for causing a computer to execute a method." Independent claim 26 is directed to statutory subject matter, and Applicants respectfully request the Examiner withdraw the rejection.

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<sup>1</sup> The Office Action contains a number of statements reflecting characterizations of the related art and the claims. Regardless of whether any such statement is identified herein, Applicant declines to automatically subscribe to any statement or characterization in the Office Action.

Applicants respectfully traverse the rejection of claims 1-4, 6, 9-12, 14, 17-10, 22 and 26 under 35 U.S.C. § 102(e) as being anticipated by Ayres and the rejection of claims 5, 7, 8, 13, 15, 16, 20, 21, and 23-25 under 35 U.S.C. § 103(a) as being unpatentable over Ayres in view of Morita.

Independent claim 1 recites a device-to-device authentication system for authenticating when devices on a network are connected within a certain range, comprising: "local environment management means for authenticating that the first device has physically connected to the removable mediating device within a predetermined period of time before or after the removable mediating device physically connected to the second device." Both Ayres and Morita fail to disclose the claimed local environment management means.

Ayres discloses a multimedia distribution kiosk that can communicate with a remote user. Abstract. The system in Ayres contains a presence detection module to detect the presence of a user with prior-requested multimedia content. ¶ 30. The module detects the user is within a short-range wireless coverage by, for example, using bluetooth. Id. The multimedia distribution kiosk sends a query to which a client responds with a device ID. Id. The kiosk then matches the device ID which content previously selected and the user can download the content. Id. Ayres also discloses that the media may have a time limit for viewing. ¶ 20.

Morita discloses a processing unit that reads data related to content and rights from a media card. Abstract. In this system content can be checked-in and checked-out. ¶ 117. After the rights are moved to another device, the first device cannot use the

content anymore, as the contents are deleted or the rights information is changed. ¶ 28

In Morita, the content may also be stored in an encrypted state. ¶ 31.

Neither Ayres nor Morita teaches or suggests a device-to-device authentication system for authenticating when devices on a network are connected within a certain range, comprising: "local environment management means for authenticating that the first device has physically connected to the removable mediating device within a predetermined period of time before or after the removable mediating device physically connected to the second device," as recited in claim 1. Accordingly, Ayres and Morita fail to anticipate or render obvious claim 1.

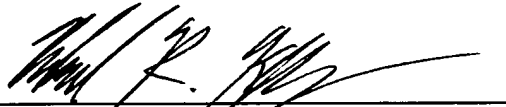
In view of the foregoing amendments and remarks, Applicant respectfully requests reconsideration of this application and the timely allowance of the pending claims.

Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

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